

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2008

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
U.S. DEPARTMENT OF AGRICULTURE							
Passed through Tennessee Department of Agriculture:							
Emergency Food Assistance Program (Administrative Costs)	10.568	Z-07-037085-00	\$ (74,112)	\$ 94,565	\$ 20,453	\$ -	\$ -
Emergency Food Assistance Program (Administrative Costs)	10.568	Z-08-200141-01	-	80,296	110,000	-	(29,704)
Total Emergency Food Assistance Program (Administrative Costs)			(74,112)	174,861	130,453	-	(29,704)
Emergency Food Assistance Program (Food Commodities - Noncash)	10.569	N/A	-	239,401	239,401	-	-
Passed through Tennessee Department of Human Services:							
Child and Adult Care Food Program	10.558	03-47-55915-00-8	(39,593)	362,864	361,909	-	(38,638)
Child and Adult Care Food Program	10.558	03-47-56136-00-6	(17,579)	93,394	91,946	-	(16,131)
Child and Adult Care Food Program	10.558	03-47-60076-00-9	(852)	9,231	9,963	-	(1,584)
Child and Adult Care Food Program	10.558	Program Income	-	26,305	26,305	-	-
Total Child and Adult Care Food Program			(58,024)	491,794	490,123	-	(56,353)
Total U.S. Department of Agriculture			(132,136)	906,056	859,977	-	(86,057)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-47-0001	(217)	-	-	217	-
Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-47-0001	(877,788)	796,562	123,689	-	(204,915)
Community Development Block Grants/Entitlement Grants	14.218	B-07-MC-47-0001	-	1,409,401	1,907,429	-	(498,028)
Community Development Block Grants/Entitlement Grants	14.218	Program Income	-	545,391	545,391	-	-
Total Community Development Block Grants/Entitlement Grants			(878,005)	2,751,354	2,576,509	217	(702,943)
Emergency Shelter Grants Program	14.231	S-06-MC-47-003	(49,127)	58,176	4,910	(4,139)	-
Emergency Shelter Grants Program	14.231	S-07-MC-47-003	-	71,612	84,675	-	(13,063)
Total Emergency Shelter Grants Program			(49,127)	129,788	89,585	(4,139)	(13,063)

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Shelter Plus Care	14.238	TN37C400010	\$ (77,108)	\$ 96,368	\$ 19,487	\$ -	\$ (227)
Shelter Plus Care	14.238	TN37C600011	-	111,441	133,683	-	(22,242)
Total Shelter Plus Care			(77,108)	207,809	153,170	-	(22,469)
Home Investment Partnerships Program	14.239	M-06-MC-47-0200	(336,378)	336,378	-	-	-
Home Investment Partnerships Program	14.239	M-07-MC-47-0200	-	348,873	550,534	-	(201,661)
Home Investment Partnerships Program	14.239	Program Income	-	557,870	557,870	-	-
Total Home Investment Partnerships Program			(336,378)	1,243,121	1,108,404	-	(201,661)
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	B-03-SP-TN-0735	-	31,073	31,073	-	-
Total U.S. Department of Housing and Urban Development			(1,340,618)	4,363,145	3,958,741	(3,922)	(940,136)
U.S. DEPARTMENT OF JUSTICE							
Passed through Tennessee Department of Finance and Administration:							
Edward Byrne Memorial Formula Grant Program	16.579	Z-99-088379-00	(6,572)	6,572	-	-	-
Edward Byrne Memorial Formula Grant Program	16.579	Z-99-088436-00	(11,397)	11,397	-	-	-
Edward Byrne Memorial Formula Grant Program	16.579	Z-06-027515-00	-	1,611	9,104	-	(7,493)
Edward Byrne Memorial Formula Grant Program	16.579	Z-06-027513-00	-	39,648	61,212	-	(21,564)
Edward Byrne Memorial Formula Grant Program	16.579	Z-06-027514-00	-	9,462	14,648	-	(5,186)
Edward Byrne Memorial Formula Grant Program	16.579	Z-06-027537-00	-	26,395	45,810	-	(19,415)
Edward Byrne Memorial Formula Grant Program	16.579	Z-099088471	(9,183)	9,183	-	-	-
Total Edward Byrne Memorial Formula Grant Program			(27,152)	104,268	130,774	-	(53,658)

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Edward Byrne Memorial Formula Grant Program	16.579	2006-DJ-BX-0943	\$ 186,506	\$ -	\$ 186,506	\$ -	\$ -
Public Safety Partnership and Community Policing Grants	16.710	2002-CK-WX-0005	(70,768)	70,768	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0479	-	-	7,336	-	(7,336)
Total U.S. Department of Justice			88,586	175,036	324,616	-	(60,994)
U.S. DEPARTMENT OF TRANSPORTATION							
Passed through Georgia Department of Transportation:							
Highway Planning and Construction	20.205	PL-000-0007-00(207)	(3,129)	3,129	-	-	-
Highway Planning and Construction	20.205	PL-000-0007-00(980)	(16,192)	39,141	22,949	-	-
Highway Planning and Construction	20.205	PL-000-0008-00(502)	-	-	64,743	-	(64,743)
Passed through Tennessee Department of Transportation:							
Highway Planning and Construction	20.205	STP-M-9202(86)	(72,866)	-	-	-	(72,866)
Highway Planning and Construction	20.205	STP-M-9202(55)	(110,187)	108,377	-	1,810	-
Highway Planning and Construction	20.205	Z-07-036291-00	-	184,743	230,485	-	(45,742)
Highway Planning and Construction	20.205	Z-07-036291-00	(78,345)	181,018	102,673	-	-
Highway Planning and Construction	20.205	Z-05-021693-00	(10,814)	10,814	-	-	-
Total Highway Planning and Construction			(291,533)	527,222	420,850	1,810	(183,351)
Passed through Tennessee Department of Transportation:							
Federal Transit: Metropolitan Planning Grants	20.505	GG-06-12418-00	(714)	4,900	4,186	-	-
Federal Transit: Metropolitan Planning Grants	20.505	GG-07-20565-00	(18,383)	67,455	49,072	-	-
Federal Transit: Metropolitan Planning Grants	20.505	Not Available	-	-	45,671	-	(45,671)
Federal Transit: Metropolitan Planning Grants	20.505	GG-06-12294-01	(102)	102	-	-	-
Total Federal Transit: Metropolitan Planning Grants			(19,199)	72,457	98,929	-	(45,671)

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(continued from previous page)							
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-023691-00	\$ -	\$ 83,813	\$ 128,401	\$ -	\$ (44,588)
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Z-08-024031-00	-	6,785	13,251	-	(6,466)
Total State and Community Highway Safety			-	90,598	141,652	-	(51,054)
Recreational Trails Program	20.219	Z-07-036638-00	-	-	12,000	-	(12,000)
Total Recreational Trails Program			-	-	12,000	-	(12,000)
Total U.S. Department of Transportation			(310,732)	690,277	673,431	1,810	(292,076)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES							
Passed through Tennessee Libraries and Archives:							
Grants to States	45.310	Z-07-20133-00	7,808	-	7,808	-	-
Grants to States	45.310	Z-08-21219-00	-	7,000	1,645	-	5,355
Grants to States	45.310	GG-07-12776-00	-	1,433	1,433	-	-
Grants to States	45.310	GG-08-22649-00	-	48,000	48,005	-	(5)
Grants to States	45.310	Z-06-034108-00	3,494	-	1,263	-	2,231
Grants to States	45.310	Z-07-20433-00	12,828	-	12,828	-	-
Grants to States	45.310	Z-07-20434-00	29,664	-	29,664	-	-
Grants to States	45.310	Program Income	-	3,798	3,798	-	-
Total Institute of Museum and Library Services			53,794	60,231	106,444	-	7,581
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Air Pollution Control Program Support	66.001	A00408407-1	-	305,126	305,126	-	-
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96146106	(3,736)	33,113	33,520	-	(4,143)
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	PM96437605-0	-	100,000	100,000	-	-
Total U.S. Environmental Protection Agency			(3,736)	438,239	438,646	-	(4,143)

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(continued from previous page)							
U.S. DEPARTMENT OF ENERGY							
Passed through Tennessee Department of Human Services:							
Weatherization Assistance for Low-Income Persons	81.042	Z-05-021670-05	\$ (62,394)	\$ 62,394	\$ -	\$ -	\$ -
Weatherization Assistance for Low-Income Persons	81.042	Z-05-021670-07	-	268,154	292,227	-	(24,073)
Total U.S. Department of Energy			(62,394)	330,548	292,227	-	(24,073)
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Head Start	93.600	04CH0047/30	(1,146,808)	1,146,808	-	-	-
Head Start	93.600	04CH0047/31	-	6,381,543	7,390,634	-	(1,009,091)
Total Head Start			(1,146,808)	7,528,351	7,390,634	-	(1,009,091)
Passed Through Tennessee Department of Human Services:							
Low-Income Home Energy Assistance	93.568	Z-05-021693-05	(265,864)	265,864	-	-	-
Low-Income Home Energy Assistance	93.568	Z-05-021693-08	-	1,268,771	1,334,657	-	(65,886)
Total Low-Income Home Energy Assistance			(265,864)	1,534,635	1,334,657	-	(65,886)
Community Services Block Grant	93.569	Z-05-020686-03	(88,963)	88,963	-	-	-
Community Services Block Grant	93.569	Z-05-020686-04	-	515,442	619,766	-	(104,324)
Total Community Services Block Grant			(88,963)	604,405	619,766	-	(104,324)
Total U.S. Department of Health and Human Services			(1,501,635)	9,667,391	9,345,057	-	(1,179,301)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE							
Foster Grandparent Program	94.011	05-SFSTN003	(23,903)	23,700	-	203	-
Foster Grandparent Program	94.011	07-SFSTN005	-	365,029	426,354	-	(61,325)
Total Corporation for National and Community Services			(23,903)	388,729	426,354	203	(61,325)
FEDERAL EMERGENCY MANAGEMENT AGENCY							
Emergency Food and Shelter National Board Program	97.024	25-7682-00-001	-	18,565	37,130	-	(18,565)
Emergency Food and Shelter National Board Program	97.024	25-7682-00-001	(14,625)	19,452	4,827	-	-
Total Federal Emergency Management Agency			(14,625)	38,017	41,957	-	(18,565)

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U.S. DEPARTMENT OF HOMELAND SECURITY							
Passed Through Tennessee Emergency Management Agency:							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-03-017837-00	\$ (129,566)	\$ 410,335	\$ -	\$ (280,769)	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z-05-024713-00	(5,696)	-	-	(13,990)	(19,686)
Total Public Assistance Grants			(135,262)	410,335	-	(294,759)	(19,686)
Hazard Mitigation Grant	97.039	GG-05-11612-00	-	17,024	-	(17,024)	-
State Domestic Preparedness Equipment Support Program	97.004	GG-07-20667-00	(100,857)	121,960	21,103	-	-
Assistance to Firefighters Grant	97.044	EMW-2006-FG-10982	(17,682)	-	-	17,682	-
Buffer Zone Protection Program (BZPP)	97.078	GG-07-22824-00	-	-	101,876	-	(101,876)
Buffer Zone Protection Program (BZPP)	97.078	Z-04-022527-00	-	99,289	1,132	-	98,157
Total U.S. Department of Homeland Security			(253,801)	648,608	124,111	(294,101)	(23,405)
TOTAL EXPENDITURES OF FEDERAL AWARDS - PRIMARY GOVERNMENT			(3,501,200)	17,706,277	16,591,561	(296,010)	(2,682,494)

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(continued from previous page)							
<b>Component Units</b>							
<u>Awards Audited by Other Auditors</u>							
<b>Chattanooga Area Regional Transportation Authority (CARTA)</b>							
U.S. DEPARTMENT OF TRANSPORTATION							
Federal Transit Cluster:							
Federal Transit - Capital Investment Grants	20.500	TN-03-0070	\$ -	\$ 202,834	\$ 202,834	\$ -	\$ -
Passed through Tennessee Department of Transportation:							
Federal Transit - Capital Investment Grants	20.500	TN-03-0051	-	10,874	10,874	-	-
Federal Transit - Capital Investment Grants	20.500	TN-05-0029	-	99,360	99,360	-	-
Federal Transit - Capital Investment Grants	20.500	TN-05-0031	-	45,141	48,034	-	(2,893)
Federal Transit - Capital Investment Grants	20.500	TN-03-0081	-	127,097	127,097	-	-
Federal Transit - Capital Investment Grants	20.500	TN-03-0060	-	992,783	992,783	-	-
Total Federal Transit - Capital Investment Grants			-	1,478,089	1,480,982	-	(2,893)
Highway Planning and Construction Grants	20.205	TN-26-0021	-	223,318	329,320	-	(106,002)
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	TN-16-X002	-	-	147,026	-	(147,026)
Federal Transit - Formula Grants	20.507	TN-26-0020	-	419,228	419,228	-	-
Federal Transit - Formula Grants	20.507	TN-90-X261	(440,221)	2,816,537	2,376,316	-	-
Federal Transit - Formula Grants	20.507	TN-90-X271	-	-	610,768	-	(610,768)
Federal Transit - Formula Grants	20.507	TN-90-X247	-	102,791	102,791	-	-
Total Federal Transit - Formula Grants			(440,221)	3,338,556	3,509,103	-	(610,768)
Total Federal Transit Cluster			(440,221)	5,039,963	5,466,431	-	(866,689)

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Job Access - Reverse Commute	20.516	TN-37-X042	\$ (4,285)	\$ 331,814	\$ 438,247	\$ -	\$ (110,718)
Job Access - Reverse Commute	20.516	TN-37-X027	(24,603)	24,603	-	-	-
Total Job Access - Reverse Commute			(28,888)	356,417	438,247	-	(110,718)
Total Expenditures of Federal Awards - CARTA			(469,109)	5,396,380	5,904,678	-	(977,407)
<b>Chattanooga Metropolitan Airport Authority (CMAA)</b>							
U.S. DEPARTMENT OF TRANSPORTATION							
Airport Improvement Program	20.106	3-47-0009-35	(243,825)	770,802	526,977	-	-
Airport Improvement Program	20.106	3-47-0009-36	(40,074)	46,358	6,284	-	-
Airport Improvement Program	20.106	3-47-0009-38	(386,493)	1,137,640	762,935	-	(11,788)
Airport Improvement Program	20.106	3-47-0009-39	(6,041)	7,713	1,672	-	-
Airport Improvement Program	20.106	3-47-0009-40	(140,330)	140,330	-	-	-
Airport Improvement Program	20.106	3-47-0009-41	-	390,729	405,343	-	(14,614)
Airport Improvement Program	20.106	3-47-0009-42	-	1,312,885	2,211,030	-	(898,145)
Airport Improvement Program	20.106	3-47-0009-43	-	1,513,944	1,528,437	-	(14,493)
Airport Improvement Program	20.106	3-47-0009-44	-	-	5,110	-	(5,110)
Total Expenditures of Federal Awards - CMAA			(816,763)	5,320,401	5,447,788	-	(944,150)
TOTAL EXPENDITURES OF FEDERAL AWARDS - COMPONENT UNITS			(1,285,872)	10,716,781	11,352,466	-	(1,921,557)
TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY			(4,787,072)	28,423,058	27,944,027	(296,010)	(4,604,051)
STATE AWARDS							
Tennessee Department of Environment & Conservation:							
Household Hazardous Waste		GG-07-12682-00	(85,000)	81,223	-	3,777	-
Household Hazardous Waste		GG-08-23097-00	-	-	49,991	-	(49,991)
Northshore Wetlands Park Education Pavilion		GG-07-12980-00	(32,401)	53,025	20,624	-	-
Northshore Wetlands Park Education Pavilion		Z-05-022828-00	(300,000)	300,000	-	-	-

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Tennessee Department of Agriculture:							
Urban Forestry Grant		Z-07-033316-00	\$ (4,450)	\$ 8,150	\$ 3,700	\$ -	\$ -
Tennessee Department of Economic and Community Development:							
Advanced Manufacturing Project FDIP		GG-07-20542-00	(35,595)	35,595	9,492	-	(9,492)
Tennessee Department of Transportation:							
University Greenway		STP-EN-3300(42)	(4,055)	-	-	4,055	-
Tennessee Secretary of State							
After School Programming at Howard & Brainerd High School			-	6,000	5,437	-	563
Community Enhancement for Heritage House			-	25,000	-	-	25,000
Arts Sploration Program			-	2,900	2,900	-	-
Omnibus Community Enhancement Grant Program			-	12,000	-	-	12,000
Omnibus Community Enhancement Grant Program			-	30,000	-	-	30,000
Omnibus Community Enhancement Grant Program			-	10,000	9,860	-	140
Omnibus Community Enhancement Grant Program			-	12,000	9,999	-	2,001
Omnibus Community Enhancement Grant Program			-	12,000	-	-	12,000
Tennessee Film, Entertainment, and Music Commission:							
Art/History Project at Heritage House		4/-08A	-	800	800	-	-
Tennessee Department of Finance and Administration:							
Tennessee Housing Development Agency THDA Entitlement - CNE Project		Program Income	549,598	117,344	-	-	666,942
TOTAL EXPENDITURES OF STATE AWARDS - PRIMARY GOVERNMENT			88,097	706,037	112,803	7,832	689,163

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<b>Component Units</b>							
<u>Awards Audited by Other Auditors</u>							
<b>Chattanooga Area Regional Transportation Authority (CARTA)</b>							
Tennessee Department of Transportation:							
State CTAP		GG-08-22318	\$ -	\$ 35,629	\$ 35,629	\$ -	\$ -
State Funding for TN-03-0051		GG-07-12890	(5,750)	7,109	1,359	-	-
State Funding for TN-03-0060		GG-07-23736	-	124,098	124,098	-	-
State Funding for TN-03-0070		GG-04-10542	(418)	418	-	-	-
State Funding for TN-03-0070		GG-08-23668	-	25,354	25,354	-	-
State Funding for TN-03-0078		GG-06-12227	(9,109)	9,109	-	-	-
State Funding for TN-03-0081		GG-06-12236	-	15,983	15,983	-	-
State Funding for TN-05-0027		GG-07-12889	(11,162)	11,162	-	-	-
State Funding for TN-05-0029		GG-07-23733	-	12,420	12,420	-	-
State Funding for TN-05-0031		GG-08-25178	-	-	6,004	-	(6,004)
State Funding for TN-16-X002 - Total Expenditures		Z-07-038201	-	-	165,404	-	(165,404)
State Funding for TN-16-X002 - Federal Portion		Z-07-038201	-	-	(147,026)	-	147,026
State Funding for TN-26-0020		GG-03-10136	(8,041)	8,041	-	-	-
State Funding for TN-26-0020		GG-08-23667	-	52,134	52,134	-	-
State Funding For TN-37-X027		GG-07-12962	(49,045)	49,606	561	-	-
State Funding for TN-37-X042		GG-05-11337	-	44,718	44,718	-	-
State Funding for TN-37-X042		GG-08-24317	-	118,606	173,845	-	(55,239)
State Funding for TN-90-X247		GG-07-12818	(61,332)	74,181	12,849	-	-
State Funding for TN-90-X261		GG-07-23735	-	204,883	295,854	-	(90,971)
State Funding for TN-90-X271		GG-08-26123	-	-	76,346	-	(76,346)
State Operating		Z-08-21335	-	2,013,498	2,013,498	-	-
Total Expenditures of State Awards - CARTA			(144,857)	2,806,949	2,909,030	-	(246,938)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2008

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)							
<b>Chattanooga Metropolitan Airport Authority (CMAA)</b>							
Airport Improvement Program		Z-06-02-9470-00	\$ (54,369)	\$ 54,369	\$ -	\$ -	\$ -
Airport Improvement Program		Z-07-03-7572-00	(95,285)	95,285	-	-	-
Airport Improvement Program		Z-08-20-0655-00	-	-	10,667	-	(10,667)
Airport Improvement Program		Z-08-20-0654-00	-	-	58,185	-	(58,185)
Airport Improvement Program		Z-08-20-0651-00	-	-	40,222	-	(40,222)
Airport Improvement Program		Pending	-	-	134	-	(134)
Airport Improvement Program		Z-08-20-0646-00	-	-	3,204	-	(3,204)
Airport Improvement Program		Z-07-03-7626-00	(38,326)	38,326	-	-	-
Airport Improvement Program		Z-06-02-9515-00	(12,582)	-	-	-	(12,582)
Airport Improvement Program		Z-06-02-9515-00	(651,793)	1,279,581	1,574,570	-	(946,782)
Airport Improvement Program		Z-07-03-7574-00	(8,164)	8,164	-	-	-
Airport Improvement Program		Z-07-03-7625-00	(78,084)	-	13,868	-	(91,952)
Airport Improvement Program		Z-07-03-7627-00	(40,791)	40,659	(132)	-	-
Airport Improvement Program		Z-07-03-7620-00	(35,906)	-	16,725	-	(52,631)
Airport Improvement Program		Z-07-03-7627-00	(27,803)	-	43	-	(27,846)
Airport Improvement Program		Pending	(66,600)	-	(66,600)	-	-
Airport Improvement Program		Z-07-03-7619-00	(7,772)	-	-	-	(7,772)
Airport Improvement Program		Z-07-03-7618-00	(26,253)	-	-	-	(26,253)
Airport Improvement Program		Z-07-03-7617-00	(7,762)	-	(7,762)	-	-
Airport Improvement Program		Z-07-03-7612-00	(11,612)	-	-	-	(11,612)
Airport Improvement Program		Z-07-03-7613-00	(27,900)	-	-	-	(27,900)
Airport Improvement Program		Z-08-20-0649-00	-	-	13,475	-	(13,475)

(continued on next page)

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2008

Federal Grantor/Pass -Through Grantor/Program Title	Federal CFDA Number	Contract Number	Beginning (Accrued) Deferred Grant Revenue	Cash Receipts	Expenditures	Other Adjustments	Ending (Accrued) Deferred Grant Revenue
(continued from previous page)							
Airport Improvement Program		Z-08-20-0656-00	\$ -	\$ -	\$ 47,462	\$ -	\$ (47,462)
Airport Improvement Program		Z-08-20-0644-00	-	-	85,277	-	(85,277)
Airport Improvement Program		Z-08-20-0657-00	-	20,790	22,540	-	(1,750)
Airport Improvement Program		Z-08-20-0661-00	-	-	53,307	-	(53,307)
Airport Improvement Program		Z-08-20-0662-00	-	-	13,757	-	(13,757)
Airport Improvement Program		Z-08-20-0695-00	-	-	25,990	-	(25,990)
Airport Improvement Program		Z-08-20-0716-00	-	-	27,514	-	(27,514)
Airport Improvement Program		Z-08-20-0739-00	-	-	22,500	-	(22,500)
Airport Improvement Program		Z-08-20-0645-00	-	-	89,793	-	(89,793)
Airport Improvement Program		Z-08-20-0658-00	-	5,489	5,489	-	-
Airport Improvement Program		Z-08-20-0659-00	-	21,841	21,841	-	-
Airport Improvement Program		Z-07-03-7615-00	-	80,847	80,847	-	-
Airport Improvement Program		Z-08-20-0647-00	-	7,152	7,152	-	-
Airport Improvement Program		Z-08-20-0660-00	-	6,300	6,300	-	-
Airport Improvement Program		Z-07-03-7614-00	-	18,720	18,720	-	-
Airport Improvement Program		Z-07-03-7616-00	-	4,986	4,986	-	-
Airport Improvement Program		Z-07-03-7707-00	-	62,730	62,730	-	-
Airport Improvement Program		Z-07-03-7629-00	(7,470)	-	12,430	-	(19,900)
Airport Improvement Program		Z-07-03-7669-00	-	-	9,900	-	(9,900)
Total Expenditures of State Awards - CMAA			(1,198,472)	1,745,239	2,275,134	-	(1,728,367)
TOTAL EXPENDITURES OF STATE AWARDS - COMPONENT UNITS			(1,343,329)	4,552,188	5,184,164	-	(1,975,305)
TOTAL EXPENDITURES OF STATE AWARDS - REPORTING ENTITY			(1,255,232)	5,258,225	5,296,967	7,832	(1,286,142)
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS - REPORTING ENTITY			<u>\$ (6,042,304)</u>	<u>\$ 33,681,283</u>	<u>\$ 33,240,994</u>	<u>\$ (288,178)</u>	<u>\$ (5,890,193)</u>

CITY OF CHATTANOOGA, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
June 30, 2008

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Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Program Income

Cash receipts for the Community Development Block Grant (CFDA 14.218) and HOME Investment Partnerships Program (CFDA 14.239) include program income of \$545,391 and \$557,871, respectively.

Note 3. Other Adjustments

Other adjustments to the schedule of expenditures of federal and state awards reflect adjustments to prior year ending accrued revenues that will not be received or adjustments to record accruals not recorded in prior years.

Note 4. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants/ Entitlement Grants	14.218	\$1,537,043
Emergency Shelter Grants Program	14.231	85,338
Home Investment Partnerships Program	14.239	1,105,589
Community Development Block Grants/ Brownfields Economic Initiative	14.246	31,073

Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards

To the Honorable Mayor  
and Members of the City Council  
City of Chattanooga, Tennessee

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely-presented component units, each major fund, and the aggregate remaining fund information of the City of Chattanooga, Tennessee (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 12, 2008. We did not audit the financial statements of the Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transit Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions on those financial statements, insofar as it relates to the amounts included for Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transit Authority, was based solely on the work of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Mayor, the City Council, the City of Chattanooga, Tennessee's management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hazlett, Lewis & Bister, PLLC*

Chattanooga, Tennessee  
December 12, 2008

Independent Auditor's Report on Compliance With Requirements

Applicable to Each Major Program and Internal Control Over

Compliance in Accordance With OMB Circular A-133

To the Honorable Mayor  
and Members of the City Council  
City of Chattanooga, Tennessee

Compliance

We have audited the compliance of the City of Chattanooga, Tennessee (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. We did not audit the compliance of the Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transit Authority whose federal and state financial assistance is \$16,536,630. The reports of the other auditors on compliance with the requirements applicable to major programs have been furnished to us, and our opinion on compliance with those requirements, insofar as it relates to the amounts included for the Chattanooga Metropolitan Airport Authority and the Chattanooga Area Regional Transit Authority was based solely on the reports of the other auditors. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.



In our opinion, the City of Chattanooga, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

#### Internal Control Over Compliance

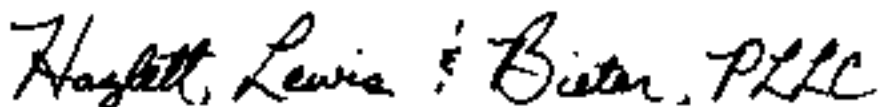
The management of the City of Chattanooga, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, the City Council, the City of Chattanooga, Tennessee's management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Hazlett, Lewis & Bister, PLLC". The signature is written in a cursive, flowing style.

Chattanooga, Tennessee  
December 12, 2008

CITY OF CHATTANOOGA, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ no

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218 14.239	U.S. Department of Housing and Urban Development: Community Development Block Grants/Entitlement Grants Home Investment Partnerships Program
20.106 20.500 20.507	U.S. Department of Transportation: Airport Improvement Program Federal Transit Cluster: Federal Transit – Capital Improvement Grants Federal Transit – Formula Grants
93.568 93.600	U.S. Department of Health and Human Services: Low-Income Home Energy Assistance (LIHEAP) Head Start

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2008

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Dollar threshold used to distinguish between type A  
and type B programs: \$838,321

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF CHATTANOOGA, TENNESSEE  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2008

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Finding 2007-1 from June 30, 2007

Condition: Under current professional standards, the City is responsible for the internal control process which includes preparation of year-end financial statements in accordance with generally accepted accounting principles. During the audit process numerous adjustments and corrections were made to the governmental fund and government-wide financial statements. The amounts involved were material to the financial statements.

Current status: Corrective action was taken.

Finding 2007-2 from June 30, 2007

Federal program: All programs

Condition: Audit testing determined that major revisions were required to the City's schedule of expenditures of federal awards.

Current status: Corrective action was taken.

Finding 2007-3 from June 30, 2007

Federal program: CFDA 20.500 Federal Transit-Capital Investment Grants  
CFDA 20.507 Federal Transit-Formula Grants

Condition: Regulations require that ECHO draw downs be disbursed within three business days after receipt of the funds. The audit disclosed three instances of ECHO draw downs by CARTA not being disbursed within three business days.

Current status: Corrective action was taken.